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TOT: 052110Z DEC 85

DIRECTOR 642421

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STAFF 052107Z DIRECTOR 642421  
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ADMIN

SUBJECT: UPDATE OF SUPPLEMENTAL RETIREMENT LEGISLATION

1. SUMMARY: THIS MESSAGE PROVIDES INFORMATION ON THE CURRENT STATUS OF SUPPLEMENTAL RETIREMENT LEGISLATION ISSUES. WHILE THIS LEGISLATION DOES NOT CHANGE RETIREMENT SYSTEMS FOR THOSE HIRED PRIOR TO 1 JANUARY 1984, ALL EMPLOYEES ARE ENCOURAGED TO READ THIS MESSAGE IN ITS ENTIRETY. ON 7 NOVEMBER 1985, THE SENATE PASSED ITS VERSION OF SUPPLEMENTAL RETIREMENT LEGISLATION. THE HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE HAS ALSO PROPOSED ITS VERSION AND A CONFERENCE WILL TAKE PLACE IN THE VERY NEAR FUTURE TO DETERMINE FINAL LEGISLATION.

2. AS YOU KNOW, ONE OF THE MAJOR CONCERNS THIS PAST YEAR WAS THE MODIFICATIONS BEING PROPOSED TO CURRENT RETIREMENT SYSTEMS, I.E., INCREASES TO THE RETIREMENT AGE, ELIMINATION OF UNUSED SICK LEAVE CREDIT, INCREASES IN EMPLOYEE CONTRIBUTIONS AND A CHANGE IN THE SALARY BASE FROM HIGH-THREE TO HIGH-FIVE. AS ADVISED IN AN EARLIER MESSAGE, THESE PROPOSED CHANGES WERE NOT PASSED BY

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CONGRESS, AND ARE NOT CURRENTLY UNDER ACTIVE CONSIDERATION.

3. RECENT FOCUS HAS BEEN DIRECTED TO THE DEVELOPMENT OF A SUPPLEMENTAL RETIREMENT SYSTEM FOR EMPLOYEES HIRED SINCE 1 JANUARY 1984. IN THIS REGARD, THE SENATE PASSED ITS VERSION OF THE SUPPLEMENTAL RETIREMENT LEGISLATION ON 7 NOVEMBER 1985. THE HOUSE IS ALSO CONSIDERING RETIREMENT LEGISLATION AND THE ACTUAL CONTENT OF THE CONGRESSIONAL BILL ULTIMATELY PASSED WILL LIKELY BE A HYBRID OF THE HOUSE AND SENATE VERSIONS, WHICH DIFFER ON MANY OF THE ITEMS MENTIONED IN PARAGRAPH 2 ABOVE.

4. AS YOU ARE AWARE THROUGH PREVIOUS MESSAGES SENT TO YOU ON RETIREMENT LEGISLATION, THE SENATE'S SUPPLEMENTAL RETIREMENT BILL IS A CULMINATION OF APPROXIMATELY TWO YEARS' EFFORT. MUCH HAS HAPPENED DURING THESE TWO YEARS INCLUDING EXTENSIVE PNJEWEL MANAGEMENT INVOLVEMENT IN DETERMINING WHAT LEGISLATIVE PROGRAM WAS BEST FOR PNJEWEL AND ITS EMPLOYEES. SENSITIVE NEGOTIATIONS HAVE EVOLVED WITH

THE OFFICE OF MANAGEMENT AND BUDGET AND THE SENATE OVERSIGHT COMMITTEE. WHILE WE VIGOROUSLY SOUGHT TO PURSUE OUR ORIGINAL OBJECTIVE FOR SEPARATE LEGISLATION, THE SENATE MANDATED THAT THEIR BILL INCLUDE PNJEWEL EMPLOYEES HIRED SINCE 1 JANUARY 1984. THE BILL PROVIDES BENEFITS FOR THOSE EMPLOYEES COVERED UNDER THE CIVIL SERVICE SYSTEM AS WELL AS THOSE WHO PERFORM CHACONNE-TYPE QUALIFYING SERVICE OVERSEAS OR DOMESTICALLY. WHILE THE LEGISLATION IS IN ACTUALITY LESS THAN WE HAD BEEN SEEKING, WE HAVE FIRMLY ESTABLISHED THAT PNJEWEL SERVICE IS DIFFERENT THAN ELSEWHERE IN THE FEDERAL GOVERNMENT AND THE SENATE BILL SUPPORTS THIS POSITION. WHILE IT REMAINS TO BE SEEN IF THIS CAN BE TRANSLATED INTO TANGIBLE BENEFITS, WE CAN TAKE HEART FROM THE STATEMENTS MADE BY OVERSIGHT COMMITTEE MEMBERS ON THE FLOOR OF THE SENATE DURING THE DEBATE ON THIS LEGISLATION. EXCERPTS OF THESE REMARKS BY SENATORS DURENBERGER AND HOLLINGS WILL BE OF INTEREST TO ALL PNJEWEL EMPLOYEES:

SENATOR DURENBERGER

"AS YOU ARE AWARE, PNJEWEL HAS COME UNDER A GREAT DEAL OF PUBLIC AND CONGRESSIONAL SCRUTINY IN THE PAST DECADE AND CERTAINLY IN THE PAST WEEK. UNFORTUNATELY, WHAT YOU ARE NOT SEEING OR HEARING ARE THE THOUSANDS OF ACTIONS THEY ARE DOING RIGHT ON A DAILY BASIS. IN PARTICULAR WE ARE CONSISTENTLY DEMANDING THAT PNJEWEL OFFICERS SERVING ABROAD PROVIDE MORE AND MORE INFORMATION ON HOSTILE INTENTIONS, ESPECIALLY THOSE OF TERRORISTS.

THIS INVOLVES RISK. MORE AND MORE OF OUR PNJEWEL FIELD PERSONNEL ARE BEING SUBJECTED TO THREATS AND ABUSE. TWO YEARS

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AGO WE WITNESSED AN EXAMPLE OF THIS WHEN A NUMBER OF THEM WERE KILLED BY A TERRORIST BOMBING. AND AS THEIR ASSIGNMENTS BECOME MORE HAZARDOUS AND DEMANDING, THE SPECIAL MENTAL AND PHYSICAL REQUIREMENTS NECESSARY OF THESE OFFICERS INCREASE DRAMATICALLY.

TO MEET THIS STANDARD PNJEWEL MUST CONTINUALLY REPLACE ITS OFFICERS OVERSEAS WITH YOUNGER PERSONNEL WHOSE IDENTITIES ARE NOT KNOWN AND WHO CAN STAND UP TO THE STRESSES OF THEIR ENVIRONMENT. TO DO THIS PNJEWEL CURRENTLY ALLOWS THESE OFFICERS TO RETIRE AT AGE 50.

YET MAKING THESE DEMANDS ON OUR PNJEWEL PERSONNEL FORCES THEM OUT AT AN AGE WHERE JOB OPPORTUNITIES ARE LIMITED. IN ADDITION, THEIR SKILLS ARE UNIQUE AND WE VIGOROUSLY DISCOURAGE THEM FROM REVEALING OR MARKETING THEIR EXPERTISE IN NEW CAREERS. THAT IS WHY WE MUST BE CAREFUL NOT TO SEND A FALSE MESSAGE--THAT THEIR GOVERNMENT DEMANDS THE RISK, BUT IS UNWILLING TO PAY THE PRICE. IF WE ARE NOT GOING TO PAY THESE PEOPLE WHAT THEY DESERVE UP FRONT, THEN WE MUST PROVIDE FOR THEM AT THE END.

OUR PNJEWEL OFFICERS FACE HAZARDS UNKNOWN TO OTHER OVERSEAS OR LAW ENFORCEMENT PERSONNEL. THEY AND THEIR FAMILIES MUST LEAD THEIR LIVES UNDERCOVER, NEVER TELLING FRIENDS AND ACQUAINTANCES OF THEIR TRUE MISSION AND RESPONSIBILITIES. IN A WORLD FILLED WITH TERRORISM, THEIR VERY SAFETY AND LIVES ARE AT STAKE IF THEIR COVER IS REVEALED. MOST OF THESE OFFICERS ALSO WORK TWO JOBS--THEIR COVER EMPLOYMENT AND THEIR PNJEWEL DUTIES. AND, FINALLY, THE NATURE OF THIS WORK IS VERY EXACTING, DANGEROUS, AND DIFFICULT. IN SHORT, IT IS UNLIKE ANY OTHER WORK IN GOVERNMENT. MR PRESIDENT, THERE IS A GREAT NEED FOR A STRONG AND EFFECTIVE PNJEWEL IN TODAY'S INTERNATIONAL ENVIRONMENT. MY SERVICE ON THE OVERSIGHT COMMITTEE HAS MADE ME WELL AWARE OF HOW MUCH WE DEPEND ON THESE FINE MEN AND WOMEN. THEIR RESPONSIBILITIES ARE UNIQUE AND THEIR CONTRIBUTION IS UNPARALLELED. IT IS MY DETERMINATION THAT THEY, IN TURN, WILL BE ABLE TO DEPEND ON US."

SENATOR HOLLINGS

"THE MEN AND WOMEN WHO SERVE IN PNJEWEL ARE SOME OF THE FINEST WE HAVE IN PUBLIC SERVICE. THEY ARE FIRST CLASS IN TERMS OF EXPERIENCE, EXPERTISE, AND SPECIAL SKILLS. THEIR RESPONSIBILITIES ARE DIFFICULT, UNIQUE AND OFTEN

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LIFE-THREATENING. AND, THEIR SUCCESSES ARE NEVER PUBLICLY  
ACKNOWLEDGED. THEY ARE TRULY THE FRONT LINE OF A "SILENT WAR"  
AGAINST TERRORISM, SUBVERSION, AND ATTACKS UPON THE UNITED  
STATES AND ITS ALLIES.

THE AMENDMENT BEFORE THE SENATE DOES TWO IMPORTANT THINGS: IT  
ALLOWS PNJEWEL TO ADMINISTER ITS RETIREMENT SYSTEM IN ORDER TO  
PROVIDE ADEQUATE SECURITY OF THE NAMES, ADDRESSES, AND  
OCCUPATIONS OF ITS EMPLOYEES; AND IT INSTRUCTS THE DIRECTOR TO  
REVIEW THE EXISTING CHACONNE RETIREMENT SYSTEM AND RECOMMEND  
ANY NECESSARY EXPANSIONS AND MODIFICATIONS.

MR. PRESIDENT, OUR OVERSEAS PNJEWEL OFFICERS FACE HAZARDS  
UNKNOWN TO THE FOREIGN SERVICE OR LAW ENFORCEMENT PERSONNEL.  
THEY AND THEIR FAMILIES MUST LEAD THEIR LIVES UNDERCOVER, NEVER  
REVEALING THEIR TRUE MISSION TO FRIENDS OR ACQUAINTANCES. IF  
THEIR COVER IS EVER REVEALED THEIR VERY SAFETY AND LIVES ARE AT  
RISK. AT THIS MOMENT THERE IS A MEMORIAL AT PNJEWEL  
HEADQUARTERS FOR OVER 70 OFFICERS WHO HAVE GIVEN THEIR LIVES IN  
SERVICE TO THIS COUNTRY. MORE NAMES WILL BE ADDED AS A RESULT  
OF RECENT ACTS OF TERRORISM. AND FINALLY, MOST OF THESE  
OFFICERS WORK TWO JOBS--THEIR COVER EMPLOYMENT AND THEIR  
PNJEWEL DUTIES.

IN SHORT, THE WORK OF THESE OFFICERS IS VERY EXACTING,  
DIFFICULT, AND DANGEROUS. IT IS UNLIKE ANY OTHER WORK IN  
GOVERNMENT. YET THE GOVERNMENT CANNOT OFFER TOP SALARIES TO  
THIS TALENTED AND HIGHLY SKILLED GROUP OF PROFESSIONALS.  
INSTEAD, WE HAVE TO LARGELY RELY ON THEIR SENSE OF DUTY,  
LOYALTY AND IDEALISM.

BUT WE CAN DO ONE THING--WE CAN PREVENT THEIR PENSIONS FROM  
DETERIORATING IN THE FUTURE, AS THE PENDING LEGISLATION  
ALLOWS. THAT IS WHAT SENATOR DURENBERGER AND I INTENDED TO DO  
TODAY. BUT WE SEE WHICH WAY THE CURRENT IS RUNNING HERE AND IN  
THE INTEREST OF COMITY WILL REVISIT THAT ISSUE IN THE FUTURE.  
BUT OUR MESSAGE IS CLEAR--WE INTEND TO WORK ON THIS ISSUE NEXT  
YEAR. WE INTEND TO DO OUR BEST TO ASSURE THIS CADRE OF  
PROFESSIONALS THAT WE UNDERSTAND AND APPRECIATE THEIR  
CONTRIBUTION.

MR. PRESIDENT, THIS AMENDMENT RESTS ON THE MERITS AND SHOULD BE  
PASSED. IT DOES NOT VIOLATE THE SPIRIT OF THIS LEGISLATION AND  
IT DOES NOT VIOLATE THE SPIRIT OF REFORM. I HAVE BEEN INVOLVED

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DIRECTOR 642421

IN CIVIL SERVICE PENSION REFORM FOR YEARS AND WILL MATCH MY RECORD AGAINST ANY IN THIS CHAMBER. I LED THE FIGHT TO ELIMINATE THE "1 PERCENT KICKER" IN 1976. I LED THE FIGHT TO END THE "LOOK BACK" PROVISION IN 1980. I LED THE FIGHT TO END THE DUAL COLA'S IN 1981. I KNOW WHAT GOOD REFORM IS AND I ALSO KNOW THE POLITICAL PRICE WE OFTEN HAVE TO PAY BACK HOME TO GET IT ENACTED.

BUT LET ME TELL YOU THAT THE BANDWAGON FOR REFORM IN THIS LEGISLATION SHOULD NOT RUN OVER GOOD SOLID PUBLIC POLICY. OUR INTELLIGENCE OFFICERS DESERVE SUPPORT NOW AND IN THE FUTURE. I URGE MY COLLEAGUES TO ENACT THIS AMENDMENT."

5. IT WOULD NOT BE USEFUL TO INCLUDE IN THIS MESSAGE ALL THE SPECIFICS OF THIS COMPLEX LEGISLATION, BUT EMPLOYEES SHOULD BE AWARE THAT IT DOES MAINTAIN THE AGE 50 FOR CHACONNE RETIREMENT AND AGE 55 FOR CIVIL SERVICE TYPES. ALSO, TO PROVIDE NECESSARY SECURITY/COVER PROTECTION REGARDING IDENTITIES OF PNJEWEL EMPLOYEES, THE SENATE'S LEGISLATION GRANTS AUTHORITY TO THE DIRECTOR OF PNJEWEL TO INTERNALLY ADMINISTER RETIREMENT PROGRAMS FOR BOTH PRE-1984 EMPLOYEES AND POST 1983 EMPLOYEES. THIS MEANS THAT ALL RETIREMENT RELATED RECORDS ON PNJEWEL EMPLOYEES WILL BE MAINTAINED INSIDE PNJEWEL. IN ADDITION, THE SENATE BILL REQUIRES THAT DURING THE NEXT YEAR PNJEWEL PREPARE A REPORT TO THE CONGRESS REVIEWING THE PRESENT CHACONNE LAW AND RECOMMENDING CHANGES TO EXPAND THE ELIGIBILITY FOR MEMBERSHIP IN CHACONNE AS WELL AS ANY OTHER NECESSARY MODIFICATIONS.

6. EMPLOYEES SHOULD UNDERSTAND THIS SENATE LEGISLATION IS NOT THE FINAL ACTION. THE HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE HAS NOW PROPOSED A SUPPLEMENTAL RETIREMENT PLAN WHICH IS MORE LIBERAL THAN THE SENATE'S AND ATTEMPTS TO MAINTAIN AS CLOSELY AS POSSIBLE THE NEW SUPPLEMENTAL BENEFITS TO THOSE CURRENTLY EXISTING UNDER GOVERNMENT RETIREMENT SYSTEMS. THE NEXT STEP IS FOR THE SENATE AND HOUSE COMMITTEES TO MEET IN A CONFERENCE TO NEGOTIATE AN AGREEABLE PACKAGE FOR FULL SENATE AND FULL HOUSE APPROVALS. THIS IS AN EXTREMELY COMPLEX ISSUE AND IT IS BY NO MEANS CLEAR WHETHER LEGISLATION WILL BE PASSED THIS YEAR OR WHAT THE FINAL PROVISIONS WILL BE. THE ISSUES ARE STILL UNDER ACTIVE CONSIDERATION AND PNJEWEL WILL BE MAKING EVERY EFFORT TO ENSURE THAT RETIREMENT SYSTEMS ARE ESTABLISHED THAT MEET THE NEEDS OF PNJEWEL AND ITS EMPLOYEES.

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